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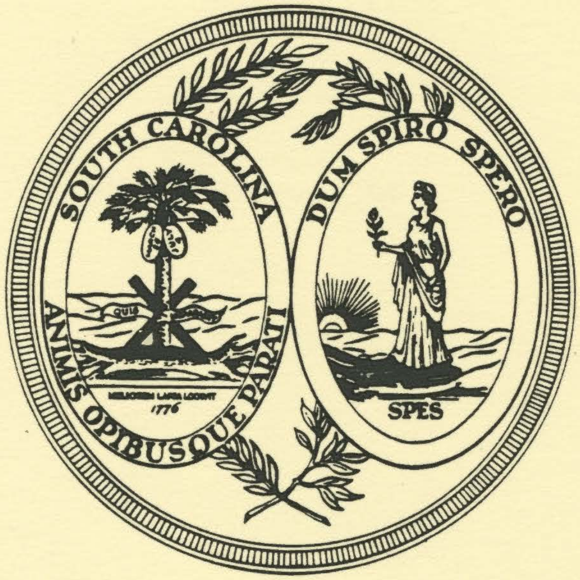
# South Carolina General Assembly




# Legislative Audit Council

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**The State of South Carolina
General Assembly
Legislative Audit Council
A Compliance Review of the
South Carolina Budget and
Control Board Division of
Motor Vehicle Management
March 30, 1988**

THE STATE OF SOUTH CAROLINA

GENERAL ASSEMBLY

LEGISLATIVE AUDIT COUNCIL

A COMPLIANCE REVIEW OF THE SOUTH CAROLINA

BUDGET AND CONTROL BOARD

DIVISION OF MOTOR VEHICLE MANAGEMENT

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## INTRODUCTION AND SUMMARY

### Background and Scope

The Division of Motor Vehicle Management (DMVM) was created by the Budget and Control Board in May 1975 to assume supervision of the state's motor vehicle fleet. The Division was established by statute in 1978 with the passage of Section 24, Part II - Permanent Provisions of the South Carolina Appropriation Act of 1978-1979. This law, commonly referred to as the Motor Vehicle Management Act, is now §1-11-220 through §1-11-350 of the South Carolina Code of Laws.

South Carolina's vehicle fleet is comprised of over 12,000 vehicles, excluding school buses. These vehicles, with an acquisition cost of more than $100 million, are operated by approximately 30,000 employees in 92 state agencies. The 12 largest agencies possess over 80% of the fleet.

The Code of Laws makes the Budget and Control Board responsible for developing and administering a comprehensive fleet management program. The law also provides for a three-member Motor Vehicle Management Council, appointed by the Board with the advice and consent of the Senate. The Council is to advise the Board and the Division and hear appeals on the enforcement of Board regulations. The Division, headed by the State Fleet Manager/Director, has a staff of 24 and is organized into three sections, Operations, Maintenance, and Administration (see Appendix A).

The focus of the Audit Council's review is mandated by law. Section 1-11-350 requires the Legislative Audit Council to " . . . audit compliance by the Division of Motor Vehicle Management and the agencies with this section every three years . . . ." The Audit Council reviewed the compliance of the Division of Motor Vehicle Management and the agencies, as reflected by their interaction with the Division, with state fleet management law and regulations. The efficiency and effectiveness of agency activities and the fleet management program were dealt with only as they related to compliance with current provisions.

**Report Summary**

The Audit Council found overall problems with state agency compliance which are detrimental to the implementation and enforcement of the state's fleet management program. DMVM has not prepared the required annual management review of each agency's performance in complying with fleet management law and regulations. The management review is the means by which the Budget and Control Board receives information on agencies not complying. The Board, which is charged with enforcement of the law and regulations, cannot determine when enforcement activities are warranted when annual reviews are not completed. Additionally, since §1-11-260 requires DMVM to recommend necessary changes in the law and regulations in the management reviews, the Board has not received information that could result in more effective fleet management provisions. The following outline additional problems found in this review:

- Enforcement has been inadequate to ensure the use of privately-owned vehicles (POVs) is eliminated when the use of state vehicles is more economical (see p. 13).
- Individual vehicle assignments have not always been in the best interest of the state (see p. 19).
- Agency compliance with and DMVM controls over vehicle identification requirements have been inadequate (see p. 17).
- DMVM has not developed the required criteria for each agency to use in implementing a uniform cost accounting and reporting system and cost-effectiveness is not evaluated (see p. 6).
- Problems were noted with the Division's compliance with the statutory requirement to purchase and dispose of vehicles on the basis of maximum cost-effectiveness (see pp. 24, 28).
- Maintenance program guidelines have not been properly enforced through the certification review process, and DMVM has not ensured that agencies are not duplicating maintenance services (see pp. 31, 33).

Enforcement may also be weakened by problems identified with statutory provisions:

- Allowing commuters to report commuting value as taxable income rather than requiring cost reimbursement has the effect of increasing the income of employees who use state vehicles to commute (see p. 15).

- The legal authority of DMVM to act for the Budget and Control Board is not clearly defined (see p. 7).

- The compliance of the Department of Highways and Public Transportation with fleet management law and regulations is not assured (see p. 10).

## SECTION I

## ADMINISTRATION

The following section discusses the overall administration of the fleet management program. Problems impede the enforcement of fleet management law and regulations. In addition to untimely management reviews, problems also exist with fleet management law and regulations as written. Clarification is needed concerning DMVM's legal authority and concerning exemption of the Department of Highways and Public Transportation from fleet management regulations.

### Enforcement of Motor Vehicle Management Program

The Division of Motor Vehicle Management (DMVM) has not prepared the annual review of fleet management performance of each state agency required by law. Additionally, the content of the reviews that have been published does not meet statutory requirements. As a result, enforcement of the motor vehicle management program is impaired.

Section 1-11-260 of the South Carolina Code of Laws requires the Fleet Manager and the Motor Vehicle Management Council to report annually to the Budget and Control Board and the General Assembly on the performance of each state agency in achieving the fleet management objectives of §1-11-220 through §1-11-330. The law also specifies that the report contain a summary of the Division's efforts in aiding and assisting agencies, as well as recommendations for needed changes in the law or regulations. Regulation 19-601 requires DMVM to make an annual management review report to the Fleet Manager and the Council concerning the performance of each state agency in complying with fleet management regulations.

DMVM published management reviews covering the period from FY 79-80 through FY 82-83. However, the FY 82-83 review, the last published review, was released in April 1985. Much of the data compiled for the reviews was not verified, and the content of the reviews is not in compliance with statutory requirements. DMVM compiled information about each agency's fleet management activities by distributing a survey to agencies owning or leasing vehicles. The survey responses were followed up with visits to selected agencies; 25 of 73 (34%) agencies were visited for the FY 82-83 review, and an agency official stated 10 of 79 (13%) agencies were visited for the FY 84-85 review (currently in draft form). It is difficult to determine the progress of each state agency, as required by law, since problems found are not identified by agency in the published reports. Also, the reports do not include a summary of DMVM's efforts to aid and assist agencies, as required.

The enforcement of fleet management law and regulations is dependent on the management reviews. As stated, DMVM is to report to the Budget and Control Board and the General Assembly on agency performance. The Board is charged with enforcement of the law and regulations, as well as recommending administrative penalties to be used by agencies for violation of fleet management procedures and regulations. DMVM has not reported as required, and the Board has not recommended penalties for noncompliance. Therefore, enforcement of statutory fleet management requirements is not assured.

The State Fleet Manager stated the reviews were not done because employees were not available to do them; however, he has not requested additional staffing for this purpose. Also, he stated the Division does not identify agencies with fleet management problems in the reports, because the Division prefers to take a positive approach and function as a "contact team" to assist agencies in correcting problems. Further, since passage of a 1982 amendment to the Motor Vehicle Management Act, the Board can only recommend penalties for violating agencies to impose upon themselves, which further weakens enforcement.

**RECOMMENDATION**

(1) THE DIVISION OF MOTOR VEHICLE MANAGEMENT (DMVM) SHOULD PREPARE ANNUAL MANAGEMENT REVIEWS AS REQUIRED BY §1-11-260 OF THE SOUTH CAROLINA CODE OF LAWS AND REGULATION 19-601. THE REVIEWS SHOULD IDENTIFY THE PERFORMANCE OF EACH STATE AGENCY AND INCLUDE A SUMMARY OF DMVM EFFORTS TO AID AND ASSIST AGENCIES.

**Uniform Cost Accounting System**

The Budget and Control Board has not developed criteria for agencies to use in implementing a uniform cost accounting and reporting system, as required by law. Uniform criteria would prescribe how each agency determines the cost per mile to operate its motor vehicle fleet and would enable DMVM to better evaluate the efficiency and effectiveness of each agency's motor vehicle operations. Without standard criteria, agency cost accounting systems are not comparable. DMVM cannot adequately evaluate agency operations, since per-vehicle cost data may be inaccurate and incomplete.

According to the National Association of Fleet Administrators (NAFA), uniform classifications of auto expenses should include such costs as fuel, depreciation, insurance, and labor. NAFA stated that a uniform method to develop cost statistics allows for more accurate and direct comparison of fleet operating costs. The ability to make accurate comparisons is essential for a fleet manager to identify areas of fleet operations that are not operating efficiently. Costs per mile is considered by management to be an important indicator of fleet performance. This measure is used by fleet managers to evaluate and control individual vehicles and individual categories of cost.

In its 1980 Motor Vehicle Management Review (see p. 4), DMVM reported that 71 agencies had vehicle costs per mile ranging from 15 cents to 73 cents. This variance, according to DMVM, is due to a lack of uniformity in cost accounting systems. For example, some agencies include labor charges in computing costs per mile whereas other agencies do not. Thus, in the 1980 Management Review, DMVM recommended that guidelines be developed to provide for a uniform cost accounting system. A 1982 memo to agency officials shows that a formula for determining the cost per mile for the statewide fleet was under consideration.

Beginning in 1982, §1-11-300 of the South Carolina Code of Laws required the Budget and Control Board to develop criteria for each agency to use in implementing a uniform cost accounting system. However, as of December 1987, this criteria has not been developed.

Without a uniform cost accounting system, DMVM may not be able to adequately evaluate and control costs to operate the state's motor vehicle fleet. The lack of uniform cost data is one factor which prevents the Division from complying with other statutory provisions. DMVM cannot determine the cost effectiveness of operating agency maintenance facilities versus using commercial facilities, as required by §1-11-290. Further, without accurate cost data, DMVM has no assurance that the purchase and disposal of all state vehicles are based on maximum cost-effectiveness as required by §1-11-310 (see p. 24).

**RECOMMENDATION**

(2) THE BUDGET AND CONTROL BOARD SHOULD COMPLY WITH §1-11-300 OF THE SOUTH CAROLINA CODE OF LAWS AND DEVELOP CRITERIA TO BE USED BY EACH AGENCY IN IMPLEMENTING A UNIFORM COST ACCOUNTING SYSTEM.

## Division of Motor Vehicle Management Law and Regulations

The Audit Council noted problems with the clarity and content of the South Carolina Code of Laws and Budget and Control Board regulations dealing with the Division of Motor Vehicle Management (DMVM). The legal authority of DMVM to act for the Budget and Control Board needs clarification. Further, disposal procedures specified in the DMVM regulations are not necessary.

These problems are discussed below, and others are discussed elsewhere in the report (see pp. 10, 14).

**Legal Authority of DMVM**

The law and regulations that establish DMVM assign the responsibility for many fleet management activities to the Budget and Control Board and do not explicitly give DMVM authority to act for the Board. Budget and Control Board Regulation 19-601 states the Board may delegate administrative authority to the State Fleet Manager. DMVM's authority to act in areas not mentioned in the Code, not specified in policy documents adopted by the Budget and Control Board, and not specifically delegated by the Board is questionable.

For example, §1-11-260 gives the Board authority to enforce motor vehicle management law, regulations and policies. Section 1-11-290 requires the Board to study the cost-effectiveness of state maintenance facilities versus commercial facilities. Section 1-11-300 requires the Board to establish criteria for the uniform cost accounting and reporting system agencies are to use in determining the cost per mile of their motor vehicles (see p. 6). Section 1-11-320 specifies that only the Board can exempt vehicles from the requirements for identification. The Board also is assigned responsibility for approving vehicle purchases which deviate from vehicles on the approved annual listing (Regulation 19-604).

The State Fleet Manager stated the Board does not want to be involved in the day-to-day operations of fleet management, so he acts for the Board. However, the 1979 letter from a Board Deputy Executive Director delegating authority to him to act for the Board refers only to a specific activity and does not confer broad authority (see Appendix C).

DMVM's lack of defined authority may hinder the development of an effective fleet management program. The Division may not take initiative to develop policy or enforce the law when its responsibility for action is not specified. Agencies may be less likely to comply with fleet management law and regulations when the authority for their enforcement is unclear and divided.

**Disposal Regulations**

Budget and Control Board Regulation 19-607 states the sale of all state-owned vehicles that qualify for disposal shall be conducted through the Division of General Services. DMVM sets disposal criteria and approves vehicles for disposal but has no authority to dispose of vehicles.

However, the DMVM regulation (19-607) contains discussion of methods by which vehicles are to be sold, procedures which may conflict with regulations governing the sale of state surplus property (Budget and Control Board Regulation 19-445.2150). For example, new regulations for the disposal of public property will make vehicles available at a set price for different classes of buyers for set time periods. Regulation 19-607 lists 4 acceptable methods of disposal, but does not include this option.

Lack of clarity in the law and regulations may cause confusion for agencies attempting to comply with fleet management law.

**RECOMMENDATIONS**

(3) THE AUDIT COUNCIL RECOMMENDS THAT THE BUDGET AND CONTROL BOARD CLARIFY THE AUTHORITY OF THE STATE FLEET MANAGER AND THE DIVISION OF MOTOR VEHICLE MANAGEMENT (DMVM) TO ACT REGARDING THE MANAGEMENT OF THE STATE'S VEHICLE FLEET.

(4) THE AUDIT COUNCIL RECOMMENDS THAT THE BUDGET AND CONTROL BOARD CONSIDER DELETING REFERENCES TO DISPOSAL PROCEDURES WHICH DO NOT INVOLVE THE DIVISION OF MOTOR VEHICLE MANAGEMENT FROM REGULATION 19-607.

## Highway Department Exemptions

The Division of Motor Vehicle Management (DMVM) has allowed the Department of Highways and Public Transportation (DHPT) to have independence in many aspects of fleet management. DHPT does not comply with some state regulations, although the South Carolina Code of Laws does not exempt the agency from fleet management law and regulations.

For example, although DHPT does send purchase requisitions through DMVM, DHPT does not submit adequate justifications for fleet additions or data on vehicles being disposed of for DMVM's approval. DHPT has its own individual assignment forms instead of using the required DMVM form (980-1) and does not send the forms to DMVM as required (see p. 19). DHPT has its own disposal criteria and does not comply with the criteria issued by DMVM. DHPT has made its own policies for authorized use of patrol vehicles that may be in conflict with state regulations (see p. 22).

The South Carolina Code of Laws has provisions that specify how DHPT differs from other agencies in some areas of fleet management. DHPT keeps its own vehicle titles (§1-11-310) and accepts/inspects its own new vehicles (Regulation 19-604). Regulation 19-607 exempts DHPT service vehicles from disposal approval procedures and allows DHPT to keep revenue from sales of obsolete and surplus equipment. Additionally, DHPT vehicles are not required to be insured through the Division of General Services as are other agencies' vehicles. Also, the FY 87-88 Appropriation Act allows DHPT to sell its own surplus property; other agencies' vehicles are sold by the Division of General Services.

However, DHPT's independence in other areas is not authorized by law. Regulation 19-602 exempts the Public Service Authority, the Public Railways Commission, the State Ports Authority, and school buses and service vehicles operated by the State Department of Education from the motor vehicle management regulations but does not exempt DHPT.

A DHPT official stated, due to volume, it would be impossible to match individual vehicles being disposed of with their replacements. He stated DHPT monitors its own fleet additions and establishes its own disposal criteria.

As a result, for many aspects of fleet management, approximately 41% of the state's vehicles, excluding school buses, are under the separate control of DHPT and its fleet management policies instead of under DMVM.

**RECOMMENDATIONS**

(5) THE AUDIT COUNCIL RECOMMENDS THAT THE BUDGET AND CONTROL BOARD CLARIFY WHETHER IT INTENDS FOR THE DEPARTMENT OF HIGHWAYS AND PUBLIC TRANSPORTATION TO BE EXEMPT FROM FLEET MANAGEMENT REQUIREMENTS SPECIFIED IN ITS REGULATIONS.

(6) UNLESS SPECIFICALLY EXEMPTED, THE DEPARTMENT OF HIGHWAYS AND PUBLIC TRANSPORTATION SHOULD COMPLY WITH STATE REGULATIONS 19-600 THROUGH 19-633.

**Motor Pool Procedures**

Some state agencies have not submitted written motor pool procedures to the Division of Motor Vehicle Management (DMVM) as required by regulation. DMVM has not formally approved those procedures which have been submitted.

Regulation 19-603(b) states that agencies operating motor pools shall develop appropriate management procedures and that they be forwarded to the State Fleet Manager for approval. According to DMVM records, 34 agencies have submitted procedures. However, 16 agencies that reported operating motor pools in the survey conducted for the FY 84-85 management review have not submitted these procedures to the Division. In addition, according to DMVM officials, the Division reviews the procedures, but does not formally approve or disapprove them. The absence of approved written procedures results in a lack of assurance that agencies are operating their motor pools effectively and in compliance with fleet management laws and regulations.

**RECOMMENDATIONS**

(7) STATE AGENCIES SHOULD SUBMIT MOTOR POOL PROCEDURES TO THE DIVISION OF MOTOR VEHICLE MANAGEMENT FOR APPROVAL. DMVM SHOULD MONITOR AND REPORT NONCOMPLIANCE WITH THIS REQUIREMENT IN EACH MANAGEMENT REVIEW.

(8) THE DIVISION OF MOTOR VEHICLE MANAGEMENT SHOULD FORMALLY APPROVE OR DISAPPROVE ALL AGENCY MOTOR POOL PROCEDURES SUBMITTED.

## SECTION II
## VEHICLE ASSIGNMENT AND USE

Three objectives of the state fleet management program, as stated in §1-11-220 of the South Carolina Code of Laws, are to: (1) eliminate the reimbursable use of personal vehicles when this use is more costly than using state vehicles; (2) minimize individual assignments; and (3) eliminate unofficial and unauthorized vehicle use. As discussed in the following section, these objectives have not always been met.

### Privately-Owned Vehicle Reimbursement

State agencies and the Division of Motor Vehicle Management (DMVM) have not taken adequate steps to assure that privately-owned vehicle (POV) use is minimized when use of state vehicles is more economical. Regulations and policies designed to limit the use of POVs have not been enforced.

Section 1-11-220 of the South Carolina Code of Laws states the Budget and Control Board shall seek to eliminate the reimbursable use of personal vehicles for official travel when this is more costly than using state vehicles. Chapter 11-3 of the DMVM policy manual states agencies shall develop policies designed to achieve this objective and submit them to the Division for Board approval. In addition, Regulation 19-608 specifies agencies are to certify that a state vehicle is either unavailable or inadequate for travel purposes before POV reimbursement can be received. According to the FY 87-88 Appropriation Act, reimbursement for the use of POVs is paid at the rate of 21 cents a mile. However, if an individual uses his POV when a state vehicle was available, the reimbursement rate is 20 cents a mile.

An analysis prepared by DMVM estimates that an automobile must be driven 18,000 miles before it is more economical to operate and maintain a state car than pay POV reimbursement. Therefore, assigning a state vehicle to an employee traveling more than 18,000 miles a year is more economical to the state than paying POV reimbursement. The Audit Council identified 92 employees who traveled at least this number of miles in FY 86-87. Each of these employees received at least $3,780 in POV reimbursement that year.

The Audit Council contacted the seven largest reimbursing agencies who were responsible for 70% of the $8.4 million paid individuals for POV use in FY 86-87. Five of the seven stated they do not verify that a state car is unavailable before an employee is allowed to use his POV, as required by Regulation 19-608. DMVM statistics show its motor pool had a utilization rate of 78%[1] in FY 86-87, indicating that these vehicles were available for greater use.

According to DMVM, no more than three agencies have annually submitted POV reimbursement policies as required in Chapter 11-3 of the DMVM manual. However, 13 other agencies do address POV use within their motor pool procedures that have been submitted to the Division (see p. 11). The Division does not specifically identify those agencies not in compliance with these requirements in its management review.

More state funds are being spent on POV reimbursement than necessary. Noncompliance with regulatory requirements and the absence of agency policies can also contribute to the use of POVs when they are less economical to use than state vehicles. Also, when agencies do not verify the unavailability of a state vehicle whenever a POV is used, they are unable to strictly comply with the requirement that reimbursement be paid at 20 cents a mile when a state vehicle is available.

**Regulation 19-608**

Budget and Control Board Regulation 19-608, which states personal vehicles shall not be used when a state-owned vehicle is

[1]December and July are historically low utilization months which lower the average; data from the remaining ten months indicates an average utilization rate of 83%.

available, needs review. The regulation, as it is written, does not allow an agency head to grant an exception if a state vehicle is available.

Lack of clarity in the regulation may cause confusion and/or reduce agency compliance.

**RECOMMENDATIONS**

(9) STATE AGENCIES SHOULD ENFORCE REGULATION 19-608 BEFORE ALLOWING PRIVATELY-OWNED VEHICLE (POV) REIMBURSEMENT AND SHOULD DEVELOP WRITTEN POLICIES DESIGNED TO ELIMINATE THE REIMBURSABLE USE OF POV'S WHEN IT IS MORE COSTLY THAN USING STATE VEHICLES AS REQUIRED BY CHAPTER 11-3 OF THE MOTOR VEHICLE MANAGEMENT MANUAL.

(10) AGENCIES SHOULD REEVALUATE THE POSSIBILITY OF ASSIGNING VEHICLES TO EMPLOYEES WHO ARE REIMBURSED FOR TRAVELING MORE THAN 18,000 MILES A YEAR.

(11) THE AUDIT COUNCIL RECOMMENDS THAT THE BUDGET AND CONTROL BOARD REVIEW AND CLARIFY REGULATION 19-608 REGARDING THE USE OF PRIVATELY-OWNED VEHICLES.

**Commuting**

Each Appropriation Act since FY 84-85 has contained conflicting sections concerning the personal use of state vehicles. In accordance with Regulation 19-603 and a Budget and Control Board (Board) Directive, the only authorized personal use of a state vehicle is for commuting or in emergencies. The practice of reporting the value of this personal use on Internal Revenue Service (IRS) returns rather than reimbursing actual costs to the state has the effect of increasing the income of employees who use state vehicles to commute.

Repeated since FY 84-85 in each Appropriation Act, Section 129.31 of Part I of the FY 87-88 Appropriation Act requires that the value of commuting be reported as compensation to employees for income tax purposes.

> The General Assembly, in recognition of the need to meet certain reporting requirements relating to information returns to be submitted to the Internal Revenue Service, hereby directs the Budget and Control Board to establish a formula for calculating and a method for reporting economic value of the personal use of State-owned motor vehicles.

In contrast, Section 129.10 of Part I of the FY 87-88 Appropriation Act, which has appeared in each year's Appropriation Act since at least 1978, states that employees shall be charged for perquisites provided in addition to their salary.

> The salaries paid to officers and employees of the State . . . shall be in full for all services rendered, and no perquisites of office or of employment shall be allowed in addition thereto, but such perquisites, commodities, services, or other benefits shall be charged for at the prevailing local value and without the purpose or effect of increasing the compensation of said officer or employee.

This section continues by listing numerous exemptions from the requirement; however, the personal use of a state vehicle is not mentioned. An Attorney General's Opinion of February 15, 1979 states that personal use of a state vehicle is a perquisite within the terms of this section.

Employees are not reimbursing the state for their personal use of a state vehicle, but rather, have it reported as additional income. For the period of November 1985 through October 1986, 483 employees reported commuting at a total economic value (using one of three IRS formulas) of approximately $192,000. Reporting the economic value of commuting as additional income for tax purposes instead of requiring employees to reimburse the state results in the state paying the employees' commuting expenses and the not commuter. The Audit Council could not find, nor could the Board identify, any law exempting commuting from the requirements of Section 129.10 of Part I of the FY 87-88 Appropriation Act.

**Commuting Approvals**

Forms granting employees written permission to commute have not been submitted to the Division of Motor Vehicle Management (DMVM) as required. Under Regulation 19-603, commuting in a state vehicle must be authorized by the agency head. Chapter 2-4 of the DMVM manual states that employees given permission to commute are to be notified in writing using DMVM form 980-1 and that this form should be submitted to the Division. However, as stated on page 21, DMVM's files on these forms are out-of-date and incomplete.

**RECOMMENDATION**

(12) THE AUDIT COUNCIL RECOMMENDS THAT THE GENERAL ASSEMBLY CONSIDER CLARIFYING WHETHER THE PERSONAL USE OF STATE VEHICLES IS TO BE REPORTED AS ADDITIONAL INCOME FOR EMPLOYEES OR IF IT IS TO BE CHARGED FOR AT THE PREVAILING LOCAL VALUE.

**Identification**

State agencies operate vehicles without identifying decals and have not received an exemption for these vehicles as required by law. Agency compliance and the Division of Motor Vehicle Management's (DMVM) control over the decal requirement have been inadequate.

Section 1-11-320 of the South Carolina Code of Laws states that all state-owned vehicles shall be identified through the use of permanent state government (SG) license plates and either state or agency seal decals. The primary reason for requiring SG license plates and decals is to provide deterrence to the potential misuse or abuse of state vehicles by making them highly visible to the general public.

Exemptions may be granted by the Budget and Control Board. Agencies may request that certain vehicles be exempt from the SG license plate requirement, which includes permission to operate without decals, or they may request exemption from the decal requirement alone, retaining SG license plates. Exemptions may be granted for vehicles supplied to law enforcement officers when, in the opinion of the Board after consulting with the Chief of the State Law Enforcement Division (SLED), those officers are actually involved in undercover law enforcement work and vehicle identification would jeopardize their safety.

A total of 1,251 vehicles were reported as operating without state decals in responses to the DMVM's FY 84-85 management review survey, the most recent data available (see p. 4). Of the 1,251 vehicles, 490 (39%) had been exempted from the SG license plate requirement. According to the State Fleet Manager, each time this exemption has been requested, the Chief of SLED has recommended approval and Board approval was granted. No documentation showing the number of investigations performed is required for the tag exemption. Some of these exemptions may be unnecessary. For example, a vehicle assigned to the director of a nonlaw enforcement agency has been exempt.

DMVM does not know the number of vehicles exempt from the decal requirement. The Division does not have any record of exemption approval for at least 345 of the remaining 761 vehicles without decals. Thirteen agencies reported they had not received exemption approval for their unidentified vehicles; five of these agencies stated they were either unaware of the requirement or the vehicle was delivered without a seal decal.

Two agencies have received exemption for sets of vehicles used for specific purposes, but have not reported the number of vehicles falling within these categories. Also, according to DMVM, prior to 1985, the Division often gave agencies verbal permission to operate vehicles without decals. Although these agencies were asked to follow-up the verbal request in writing, the Division had no administrative procedures to ensure these written requests were received. Some agencies may still be operating vehicles without decals based upon a verbal approval.

As of 1985, agencies must submit a "Request for Exemption From the Seal Requirement" and receive approval before a vehicle may be operated without a decal. According to DMVM, during its FY 86-87 management review, the Division is requesting that agencies obtain written approval for all previous and future decal exemptions. Administrative control of exemption from the identification requirements is important because the absence of SG tags and/or decals can allow the misuse of state vehicles to go undetected.

**RECOMMENDATION**

(13) STATE AGENCIES SHOULD REQUEST WRITTEN PERMISSION TO OPERATE VEHICLES WITHOUT DECALS USING THE DEPARTMENT OF MOTOR VEHICLE MANAGEMENT'S "REQUEST FOR EXEMPTION FROM SEAL REQUIREMENT" FORM FOR ALL OF THESE VEHICLES. DMVM SHOULD MAINTAIN RECORDS FOR ALL EXEMPT VEHICLES, MONITOR, AND REPORT AGENCIES' NONCOMPLIANCE WITH THIS REQUIREMENT IN EACH MANAGEMENT REVIEW.

**Vehicle Assignments**

The Audit Council identified two problems with vehicle assignments. (1) State vehicles are being assigned to individuals for their exclusive use for reasons not clearly beneficial to the state; and (2) The Division of Motor Vehicle Management (DMVM) and state agencies have not adequately monitored assignments or assured that required forms have been submitted when individual assignments are made.

**Assignment Criteria**

Section 1-11-270 of the South Carolina Code of Laws states the Budget and Control Board:

> . . . shall establish criteria for individual assignment of motor vehicles based solely on the functional requirements of the job, which shall reduce such assignment to situations clearly beneficial to the State.

Regulation 19-603 establishes the assignment criteria.

1. Travel requirements of an appropriate number of miles as determined by the Board (currently 18,000 miles annually).

2. Vehicles required for the individual use of the Governor and state-wide elected officials.

3. Full-time line law enforcement officers.

4. Vehicles essential to the performance of official duties by individuals whose remote location or total official use are such that they preclude shared use.

5. Highly specialized vehicles and heavy equipment requiring training or technical skill.

6. Circumstances, as determined by the agency head, which warrant individual assignment in the best interest of the state.

This regulation also states assignment shall not be made as a perquisite of office.

Agency heads assign vehicles to individuals and DMVM has not been given the authority to approve or disapprove assignments. However, when vehicles are permanently assigned, agencies are to complete a form (980-1) and submit it to DMVM. An Audit Council sample of 94 forms showed assignments were made for the following reasons:

| | |
|---|---|
| "On-Call" Status | - 30 |
| Law Enforcement | - 12 |
| Vehicle Essential/Remote Location | - 24 |
| Circumstances, per agency head, that warrant assignment | - 16 |
| Position Held (not Governor or state-wide elected official) | - 9 |
| Special Vehicle | - 2 |
| No Reason | - 1 |

Although the 24-hour "on call" status was the most common reason given, according to regulation, being "on call" does not in itself justify assignment. Assignments not based on the functional requirements of the job can result in a waste of state resources.

**Assignment Reporting**

As stated, according to the DMVM manual, agencies are to notify DMVM when assignments are made and when either the employee or the vehicle changes. In response to the FY 84-85 DMVM management survey, agencies reported they had over 1,600 permanently assigned vehicles, approximately 16% of the state fleet. However, only approximately 840 assignment forms are on file at DMVM. Further, in an Audit Council random sample of 142 forms, one-third (48) were for vehicles no longer owned by the state. One agency reporting 49 permanently assigned vehicles in FY 84-85 has never submitted the required forms. In addition, the Department of Highways and Public Transportation and the State Law Enforcement Division who operate over 43% of the state fleet (excluding school buses), have been allowed to maintain assignment forms at their respective agencies rather than submit them to DMVM.

DMVM requests that agencies update assignment forms when conducting its survey during each management review. However, the Division has not published this report since the Management Review for FY 82-83 and does not follow up when agencies do not provide the forms (see p. 4). Agencies have not reported all assignments or notified DMVM when vehicles are disposed of.

The absence of compliance with reporting requirements results in DMVM having inaccurate data on the number of individual assignments and justifications. Inadequate monitoring and reporting may contribute to vehicles being assigned for reasons which are not clearly beneficial to the state.

**RECOMMENDATIONS**

(14) THE DIVISION OF MOTOR VEHICLE MANAGEMENT SHOULD ENFORCE VEHICLE ASSIGNMENT REPORTING REQUIREMENTS BY:

1. PERIODICALLY CONTACTING AGENCIES CONCERNING ASSIGNMENTS AND REPORTING REQUIREMENTS.
2. NOT EXEMPTING AGENCIES FROM REPORTING REQUIREMENTS.

3. REPORTING AGENCIES NOT IN COMPLIANCE WITH REPORTING REQUIREMENTS TO THE BUDGET AND CONTROL BOARD.

(15) AGENCY HEADS SHOULD ASSURE INDIVIDUAL VEHICLE ASSIGNMENTS ARE IN COMPLIANCE WITH THE LAW.

**Unauthorized Use/Complaints**

Section 1-11-220 of the South Carolina Code of laws states the Budget and Control Board shall, through policies and regulations, seek to eliminate unofficial and unauthorized use of state vehicles. State Regulation 19-603 (d,e) defines authorized and unauthorized use. According to the Division of Motor Vehicle Management (DMVM), the responsibility for controlling unauthorized use begins with the various agencies using state vehicles.

Regulation 19-609 provides DMVM with its primary method of detecting and curbing unauthorized uses, monitoring and referral of complaints. Submission of agency motor pool procedures to DMVM can also assist the Division in detecting and eliminating unauthorized use (see p. 11). DMVM has followed complaint handling procedures established by this regulation. From FY 84-85 through FY 86-87, the Division received a total of 293 complaints. A summary of the nature of these complaints is listed below:

| | | |
|---|---|---|
| Speeding | - 163 | 55% |
| Vehicle at Restaurant/Bar | - 1 | 1 |
| Personal Use | - 67 | 23 |
| Reckless Driving | - 36 | 12 |
| No decal on vehicle | - 1 | 1 |
| Other | - 25 | 8 |

In accordance with Regulation 19-609, DMVM forwards complaints to the appropriate agency. The agency is to investigate the matter and provide DMVM with sufficient information to enable the Division to respond if the complainant requests a reply. Anonymous complaints are referred to agencies as information only. In an Audit Council sample of 60 (20%) of the 293 complaints, agency responses were:

| | | |
|---|---|---|
| Allegation admitted and/or employee counseled | - 28 | 47% |
| Allegation denied or unjustified | - 18 | 30 |
| Employee reprimanded, fined or suspended | - 10 | 17 |
| Agency has taken appropriate action | - 2 | 3 |
| Other | - 2 | 3 |

In addition, Regulation 19-609 states that if an agency receives a complaint directly, not referred from DMVM, it shall handle the complaint and reply, if appropriate, in writing to the complainant with a copy to DMVM. The Audit Council contacted three agencies with large fleets that stated they have received complaints, not referred from DMVM. However, the Fleet Manager states DMVM has received copies of no more than two responses to these complaints.

**RECOMMENDATION**

(16) STATE AGENCIES SHOULD PROVIDE THE DIVISION OF MOTOR VEHICLE MANAGEMENT WITH COPIES OF ANY REPLIES TO COMPLAINTS MADE DIRECTLY TO THE AGENCY AND NOT REFERRED FROM THE DIVISION OF MOTOR VEHICLE MANAGEMENT.

## SECTION III

## ACQUISITION AND DISPOSAL

Section 1-11-310 of the South Carolina Code of Laws requires the Budget and Control Board to purchase and dispose of vehicles on the basis of maximum cost-effectiveness and lowest anticipated total life-cycle costs. The Division of Motor Vehicle Management (DMVM) does not effectively control the size of vehicles purchased by the state. Additionally, DMVM has not always required the justifications for fleet additions which are necessary to monitor fleet growth.

### Purchase of Vehicles

The Division of Motor Vehicle Management (DMVM) does not effectively control the size of vehicles purchased by the state; as a result, the state may not purchase vehicles on the basis of maximum cost-effectiveness as required by law.

As required by Budget and Control Board Regulation 19-604, DMVM annually establishes:

> . . . classes of vehicles, with appropriate optional equipment, to be ordered by State Purchasing for use by <u>eligible</u> state officials and employees. [Emphasis Added]

Specifications for vehicles are developed by the State Fleet Manager and the State Purchasing Officer, with advice from a Specifications Committee which includes representatives from eight other state agencies. Although there are no minutes of Committee meetings, participating officials stated the Committee tries to classify vehicles currently available and determine what options are appropriate for state use. The resulting specifications describe the various classes and sizes of vehicles for which bids are solicited annually.

DMVM does not adequately control who is eligible to purchase the different sizes of vehicles available on the state contract. The agency has an unwritten policy of allowing like vehicles to replace those being disposed of; whatever justification the agency originally had to purchase a particular vehicle remains in effect. Some of these original justifications, as detailed in policies approved by the Budget and Control Board, could have been based on an official's position or mileage driven. According to the State Fleet Manager, the original justification could also have been linked to a particular individual's physical size.

However, DMVM does not always enforce its policy on vehicle replacement size. In an Audit Council sample of 85 purchase requisitions for 1987 vehicles, 17 of 104 vehicles were replaced by unlike vehicles, and 5 of the new vehicles were larger than those they replaced. Additionally, DMVM has not required justification for the size of vehicles purchased as fleet additions.

As a result of the current procedures, there is evidence that the size of vehicles in the state's fleet is gradually increasing. For example, in July 1983 and July 1984, 41.9% and 42.8%, respectively, of the state's sedans were full-size. By September 1987, 56.5% of the sedans were full-size. Additionally, 64.6% of the sedans purchased in the last two contract years (1986 and 1987 vehicles) have been full-size.

Section 1-11-310 of the South Carolina Code of Laws requires the Budget and Control Board to "purchase . . . all motor vehicles on the basis of maximum cost-effectiveness and lowest anticipated total life cycle costs." In general, it can be demonstrated that small vehicles are more cost-effective than large vehicles. For example, the life-cycle costs of the sedans on the 1988 state contract, based on purchase price and projected fuel expenditures, have been estimated as follows:

| | |
|---|---|
| Full Size | $15,050 |
| Intermediate Size | 12,220 |
| Compact | 10,850 |
| Sub-Compact | 10,025 |

Agencies should purchase the smallest vehicle that effectively accomplishes the tasks required, and the vehicles designated for a particular use should be the same in each agency. Under the current procedures, one agency could purchase full-size sedans to accomplish the same tasks for which another agency uses compact sedans.

If 1988 sedans were bought in proportion to 1984 fleet vehicle size, instead of 1987 fleet vehicle size, an estimated $305,000 savings would result. Further reductions in vehicle size and more stringent justification requirements would result in greater savings to the state.

A State Procurement official and a DMVM official stated the life-cycle costs of vehicles are considered during the bid process. An estimated life-cycle cost, based on EPA gas mileage figures, is added to the dealers' bids in determining which vehicles are purchased by the state. However, by not monitoring or controlling the size of vehicles bought by state agencies, DMVM may not purchase the most cost-effective vehicles as required.

**RECOMMENDATIONS**

(17) THE AUDIT COUNCIL RECOMMENDS THAT THE BUDGET AND CONTROL BOARD CONSIDER ESTABLISHING POLICIES TO DETERMINE ELIGIBILITY CRITERIA FOR THE PURCHASE OF VARIOUS SIZED VEHICLES BASED ON JOB REQUIREMENTS.

(18) THE DIVISION OF MOTOR VEHICLE MANAGEMENT SHOULD MONITOR THE SIZE OF VEHICLES PURCHASED BY AGENCIES AND REQUIRE APPROPRIATE JUSTIFICATION FOR TYPE AND SIZE OF VEHICLE PURCHASED.

**Justification for Fleet Additions**

The Division of Motor Vehicle Management (DMVM) has not always required or provided the justification mandated by law when fleet additions are purchased. As a result, there is less assurance that additional state vehicles are purchased for justified reasons.

An Audit Council sample of 85 purchase requisitions for 1987 contract year vehicles showed that, of the 235 vehicles requested on the requisitions, 61 (26%) were fleet additions. Justifications were lacking or inadequate for 30 (49%) of these fleet additions; 19 of the fleet additions with no documented justification were for the DMVM fleet. There was no evidence in the records that DMVM followed up on incomplete or missing justifications.

Budget and Control Board Regulation 19-604 requires that when new vehicles are purchased for the state, DMVM Form 6-77, "Request to Purchase or Dispose of State-Owned Vehicles," be forwarded to DMVM with the requisition. The regulation states, "Justification must be provided for additional vehicles above current allowance." Further, the DMVM Motor Vehicle Management Manual specifies the justification must state whether the need for a new vehicle was created by a new program or expansion of an existing program. Also, the agency director must certify that there are no other agency vehicles available to reassign to fill this need. As the State Fleet Manager has written, "Any fleet addition must be justified since fleet growth is closely monitored."

The state's motor vehicle fleet has demonstrated steady growth. From FY 82-83 to September 1987, the number of vehicles in the state fleet, including school buses not under DMVM's control, has risen from 16,890 to 19,917, an increase of 18%. During the same period, the DMVM fleet has grown by 46%, from 659 to 960 vehicles. According to DMVM, the state fleet has grown in proportion to state government, and reductions in the use of privately-owned vehicles also result in an increase in the number of state vehicles. Since DMVM does not have current statistics on the number of miles driven by the state fleet, the utilization of state vehicles cannot be determined. However, when justifications for fleet additions are not provided, the perception may be given that added vehicles are being purchased for reasons other than demonstrated need.

For example, DMVM purchased five 1987 full-size sedans as fleet additions for the use of state officials to whom state vehicles had already been assigned. The vehicles formerly assigned to the officials were 1984, 1985 and 1986 models with an average of 22,600 miles; they did not meet disposal criteria. Four of these vehicles were reassigned elsewhere in state government, but one of the vehicles was sold to a local government at less than its loan value. The necessity for the new vehicles was not justified in DMVM records.

The State Fleet Manager stated that justifications should be in writing and approved by the agency director and that DMVM is not exempt from these requirements. He stated that DMVM has requests from agencies asking to lease vehicles and this is the justification for DMVM fleet additions.

**RECOMMENDATIONS**

(19) THE DIVISION OF MOTOR VEHICLE MANAGEMENT SHOULD REQUIRE JUSTIFICATION AS SPECIFIED IN THE MOTOR VEHICLE MANAGEMENT MANUAL FOR ALL FLEET ADDITIONS.

(20) THE DIVISION OF MOTOR VEHICLE MANAGEMENT SHOULD FURNISH THE REQUIRED JUSTIFICATION FOR ALL ADDITIONS TO THE DMVM FLEET.

**Vehicle Disposal**

Evidence indicates that state vehicles are disposed of in compliance with Division of Motor Vehicle Management (DMVM) criteria; however, information is inadequate to determine whether disposal criteria are cost-effective, as required by law.

An Audit Council sample of 85 vehicle purchase requisitions submitted during the 1987 contract year included information on 104 state vehicles for which disposal was requested. An additional 70 vehicles in the sample were disposed of by the Department of Highways and Public Transportation (DHPT), but that agency does not furnish information about vehicle age or mileage or request DMVM's permission to dispose of vehicles (see p. 10). The sample revealed that all 104 vehicles were at least 4 years old or had 70,000 miles, the current disposal criteria established by DMVM. The vehicles in the sample averaged 6.6 years in age and had an average of 76,728 miles when disposal was requested. The 46 DMVM vehicles in the sample averaged 5.1 years in age and 74,690 miles.

However, the information DMVM uses to determine its recommended disposal criteria is inadequate. The life-cycle cost of vehicles in the state fleet cannot be determined because, for vehicles other than DMVM vehicles, the Division does not have individual maintenance cost (see p. 6) or mileage information. For the 960 vehicles in the DMVM fleet, the Division does have individual maintenance cost and mileage information, but the Division does not use accurate figures for depreciation costs. DMVM assigns $500 as a resale value to all vehicles when vehicles often sell for greater amounts. For example, the 185 vehicles sold by DMVM from August 1986 through July 1987 were sold for an average of over $1,800; in FY 85-86, 113 vehicles were sold for an average of over $1,900.

Section 1-11-310 of the South Carolina Code of Laws requires the Budget and Control Board to " . . . dispose of all motor vehicles on the basis of maximum cost-effectiveness and lowest anticipated total life cycle costs." The 1978 Audit Council review of the management of state-owned vehicles recommended that information on state fleet vehicle mileage, total maintenance cost and resale prices be gathered and analyzed for proper managerial control of a systematic replacement policy. Professional fleet management publications recommend a thorough knowledge of vehicle costs as the prerequisite to a successful fleet cycling policy.

Regulation 19-607 gives DMVM responsibility for setting disposal criteria and determining whether a vehicle is past advantageous useful life to the state before it can be sold. According to Division officials, DMVM's current disposal criteria are 70,000 miles or 4 years. The criteria are viewed as general guidelines. According to the State Fleet Manager, fleet disposal depends on many variables, including commonly used fleet disposal policies and the experience and judgement of professional fleet managers.

If an accurate life-cycle cost of state vehicles is not known, there is less assurance that disposal policy and practice are cost effective. Efficient disposal can substantially reduce fleet operating costs.

**RECOMMENDATIONS**

(21) THE DIVISION OF MOTOR VEHICLE MANAGEMENT SHOULD OBTAIN INFORMATION FOR ALL VEHICLES IN THE STATE FLEET THAT WOULD ALLOW IT TO DEVELOP ACCURATE LIFE-CYCLE COST INFORMATION. THE DIVISION SHOULD MONITOR VEHICLE LIFE-CYCLE COSTS TO OBTAIN THE MOST COST-EFFECTIVE FLEET CYCLING POLICY.

(22) THE DIVISION OF MOTOR VEHICLE MANAGEMENT SHOULD USE AN ESTIMATE OF ACTUAL RESALE VALUE IN ITS DEPRECIATION COST CALCULATIONS.

## SECTION IV
## MAINTENANCE AND GASOLINE PURCHASES

Section 1-11-290 of the South Carolina Code of Laws mandated the Budget and Control Board to develop a vehicle maintenance program to facilitate "maximally cost-effective" vehicle maintenance for the state. The program developed by the Division of Motor Vehicle Management (DMVM) provides policy, administrative procedures, technical information, and standards for operating all state vehicle maintenance facilities. The program also provides for an annual state maintenance facility certification to assure compliance with program guidelines.

### Maintenance Program Guidelines

The state vehicle maintenance facility certification review does not monitor agency compliance with all guidelines required by law. The facility certification review does not confirm that agencies utilize a central purchasing system for supplies and parts. Also, facilities are not required to have a uniform work order system which assigns the actual maintenance cost to each vehicle in order to be certified. Therefore, the Division of Motor Vehicle Management (DMVM) has certified maintenance facilities which have not met the requirements of the law.

Section 1-11-290 of the South Carolina Code of Laws requires the Budget and Control Board to promulgate rules and regulations for a "maximally cost-effective" vehicle maintenance program. Two of the four statutory program guidelines require central purchasing of supplies and parts and a uniform work order and record-keeping system that assigns the actual maintenance cost to each vehicle. DMVM monitors agency compliance with maintenance program guidelines during its annual facility certification review required by Regulation 19-633.

According to program guidelines, the South Carolina Department of Highways and Public Transportation supply depot may act as the central warehouse for purchasing supplies and parts.

DMVM stated that agencies can establish an account and purchase most items at a substantial savings. However, according to Division certification records, DMVM does not require agencies to utilize or consult a central purchasing facility to be certified.

Also, because the Board has not developed standard criteria for agencies to use in determining their actual maintenance costs, agency work order systems cannot assign the actual maintenance cost to each vehicle (see p. 6). As a result, DMVM has not required during its annual certification review that agency work order systems assign the actual maintenance cost to each vehicle. Complete maintenance cost information is not available for DMVM to adequately evaluate the efficiency and effectiveness of each agency's maintenance facility operations.

**RECOMMENDATIONS**

(23) THE DIVISION OF MOTOR VEHICLE MANAGEMENT SHOULD REEVALUATE THE STATE VEHICLE MAINTENANCE PROGRAM FOR COMPLIANCE WITH STATUTORY REQUIREMENTS.

(24) THE DIVISION SHOULD INCLUDE ALL STATUTORY REQUIREMENTS IN THE ANNUAL MAINTENANCE FACILITY CERTIFICATION PROCESS.

**Maintenance Facility Certification**

The Division of Motor Vehicle Management's (DMVM) method of determining if facilities are in compliance with maintenance program standards needs improvement. DMVM reviews each maintenance facility annually and evaluates the facilities according to a checklist of program standards. However, the grading scale used does not ensure that agencies which are certified by DMVM are operating in a maximally cost-effective manner.

Section 1-11-290 of the South Carolina Code of Laws states that the Budget and Control Board shall develop a plan for "maximally cost-effective" vehicle maintenance which shall include guidelines for: (1) purchasing; (2) inventory control; (3) a uniform work order system; and (4) preventive maintenance. Regulation 19-633 requires maintenance facilities to be reviewed annually in accordance with these guidelines and certified if found to meet the requirements of the program. However, DMVM's method of evaluating the facilities may not give adequate weight to statutory requirements.

For example, in 1986 the agency graded program requirements based on a scale of 387 points. To receive annual certification, facilities were required to receive a total of 270 points (70%). The checklist weighted maintenance program guidelines as follows: (1) work order system (19%); (2) inventory system (33%); (3) purchasing (8%); (4) preventive maintenance (9%); and (5) safety and other (31%). According to this method, a facility could fail to comply with two of the four program standards required by law (purchasing and preventive maintenance) and be certified with a grade of 83%. Without a method which gives appropriate weight to all maintenance program standards, DMVM cannot ensure that certified facilities comply with statutory requirements.

**RECOMMENDATION**

(25) THE DIVISION OF MOTOR VEHICLE MANAGEMENT SHOULD CHANGE THE EVALUATION INSTRUMENT USED IN THE CERTIFICATION REVIEW PROCESS BY APPROPRIATELY WEIGHTING STATUTORY REQUIREMENTS TO ENSURE THAT CERTIFIED FACILITIES ARE IN COMPLIANCE WITH THE LAW.

**Duplication of Maintenance Services**

The Budget and Control Board has not acted to ensure that agencies are not duplicating maintenance services. Three separate studies have indicated that consolidating maintenance facilities located within a reasonable distance would be a more productive use of manpower, equipment, and space. Also, consolidation could allow agencies to utilize commercial facilities less frequently.

Section 1-11-300 of the South Carolina Code of Laws gives the Budget and Control Board responsibility to ensure that agencies within a reasonable distance are not duplicating maintenance services. According to Division of Motor Vehicle Management (DMVM) officials, many facilities operate in close proximity, allowing for possible duplication and under-utilization of facilities. For example, in the Columbia area, there are 16 agency-operated maintenance facilities. Five of the sixteen facilities are located within two miles of each other, and three other facilities are also located near each other. Additionally, three agencies are operating separate maintenance facilities within a two-mile radius of Charleston.

According to DMVM officials, most agencies do not share facilities and work only on their own vehicles. Each agency operates its facilities according to its available resources and budget priorities. Therefore, some facilities are equipped to handle major mechanical work whereas others are not. Facilities not equipped for major repairs must rely more on commercial facilities, usually at higher rates.

In 1979, a feasibility study performed by an independent consulting firm recommended consolidating all maintenance facilities in the Columbia area into one central facility to assume responsibility for maintaining all state vehicles in that area. DMVM also performed a feasibility study in 1978 which indicated that significant savings could result from consolidating maintenance facilities in the Columbia area. Another study performed by the Board's Internal Auditor recommended eliminating the three separate facilities operating in Charleston and establishing one centrally located facility.

However, no consolidation of maintenance facilities has occurred. Further, DMVM has not determined the overall cost effectiveness of consolidating maintenance facilities nor developed a plan for consolidation.

**RECOMMENDATION**

(26) THE DIVISION OF MOTOR VEHICLE MANAGEMENT SHOULD REEVALUATE THE COST-EFFECTIVENESS OF CONSOLIDATING MAINTENANCE FACILITIES WHICH ARE LOCATED WITHIN A REASONABLE DISTANCE AND DEVELOP A PLAN FOR CONSOLIDATION IF IT IS DETERMINED TO BE COST-EFFECTIVE.

## Gasoline Purchases

The Division of Motor Vehicle Management (DMVM) has not adequately monitored agency purchases of motor fuels to determine if purchases from commercial facilities instead of state facilities are in compliance with statutory requirements. DMVM has not verified gasoline purchases reported by agencies nor required agencies to justify excessive purchases from commercial facilities. As a result, agencies could be paying more for gasoline than necessary.

Section 1-11-290 of the South Carolina Code of Laws requires agencies to purchase all motor fuels from state facilities except in cases where such purchase is impossible or not cost beneficial to the state. The Budget and Control Board has prescribed an 80/20 ratio for gasoline purchases--80% from the state and 20% from commercial facilities. The commercial percentage allows for those instances where it is impossible or inconvenient to purchase from the state, i.e., for out-of-state travel, or travel after normal working hours.

DMVM requires agencies to report state and commercial gasoline purchases each year in a survey used to compile information for the annual Management Review (see p. 4). The latest information available on agency gasoline purchases (1985) indicated that 36 of 83 (43%) agencies exceeded the 20% limit on commercial purchases. Eleven of these thirty-six purchased 40% or more of their gasoline from commercial facilities. However, DMVM did not require these agencies to justify whether the excessive purchases from commercial facilities were cost beneficial to the state. Without some method of monitoring agency gasoline purchases, DMVM cannot ensure that agencies are complying with the law.

According to DMVM records, gasoline purchased from commercial facilities in 1987 cost approximately 22 cents per gallon more than gasoline purchased from state facilities. DMVM also stated in its latest Management Review (1983) that state facilities are full-service and thus helpful in preventive maintenance programs. By purchasing from state facilities, administrative costs are reduced, since the agency usually receives one invoice to process, as opposed to several if purchasing from commercial facilities. Also, state gasoline rationing, in the event of another fuel shortage, would be determined by an agency's previous record of purchases from the state. Some agencies may not be allowed to purchase adequate fuel to maintain operations if purchase records have not been established on which to base their allotments.

**RECOMMENDATIONS**

(27) THE DIVISION OF MOTOR VEHICLE MANAGEMENT SHOULD CONSIDER RANDOMLY VERIFYING GASOLINE PURCHASES FROM STATE AND COMMERCIAL FACILITIES THAT ARE REPORTED BY AGENCIES.

(28) THE DIVISION OF MOTOR VEHICLE MANAGEMENT SHOULD REQUIRE ALL AGENCIES TO JUSTIFY COMMERCIAL GASOLINE PURCHASES THAT ARE OVER 20% OF TOTAL GASOLINE PURCHASES.

## Section V
## FLEET SAFETY PROGRAM

A 1982 law, §1-11-340 of the South Carolina Code of Laws, requires the Budget and Control Board to develop and implement a statewide Fleet Safety Program. The Program is to help minimize the amount paid for insurance premiums and reduce the number of accidents involving state-owned cars. Insurance requirements are specified in Budget and Control Board Regulation 19-612. The Division of General Services is designated as responsible for insuring all state-owned cars, except those owned by the Department of Highways and Public Transportation.

In 1986, the Division of Motor Vehicle Management (DMVM) hired a full-time fleet safety officer to implement the safety program throughout state agencies. The program has four major components: motor vehicle record screening (MVR); accident review boards; driver training; and quarterly accident summary reports.

The Fleet Safety Program has led agencies to place more emphasis on safety and accident rates have declined. Some larger agencies, such as the Department of Highways and Public Transportation, the Department of Social Services, and South Carolina State College, have started internal programs. Both accident statistics and liability claims have been lowered. Accident statistics reflect in the first quarter of FY 87-88 a decrease of 19% when compared to the first quarter of FY 86-87. Also, the accident frequency rate is down from 19.0 accidents per million miles in FY 86-87 to 11.0 in the first quarter of FY 87-88. The national fleet average for FY 86-87 is 10.5 accidents per million miles.

Liability claims had increased over the past few years by 30%-40% each year, and premiums increased accordingly. For DMVM alone, there was a 140% increase in premiums from 1985 through 1987. However, an 8.2% decrease in claims for FY 86-87 amounted to a reduction in loss to the state of approximately $122,000.

Although liability insurance premiums have been reduced, this reduction cannot be attributed to increased safety at this early stage in program implementation. Loss data collected over the next years of implementation can have a greater impact on insurance costs.

Some problems, however, exist with agency compliance to Budget and Control Board regulations and policy. The Board has adopted policy rather than follow the Administrative Procedures Act and promulgate regulations relative to the fleet safety program. Many agencies have not established accident review boards and motor vehicle record screening. Compliance with the mandatory driver training program is also not adequate. The following table shows statistics relative to compliance with major program requirements.

TABLE 1

COMPLIANCE WITH FLEET SAFETY PROGRAM

As of January 14, 1988

MAJOR PROGRAM REQUIREMENTS

| UNIT OF MEASUREMENT | MVR SCREENING | ACCIDENT REV. BOARDS | DEFENSIVE DRIVING | QUARTERLY SUMMARY REPORTS |
|---|---|---|---|---|
| No. of Agencies Complying | 17 of 75 Agencies 23% | 20 of 38 Agencies* 53% | 19 of 75 Agencies 39% | 70 of 75 Agencies 93% |
| Mileage of Complying Agencies ÷ Total Fleet Miles (98,108,000 Miles) | 14,944,000 Miles 15% | 86,484,000 Miles 88% | 42,555,000 Miles 43% | 97,631,000 Miles 99% |

*DMVM Accident Review Board covers many agencies.
Source: The Division of Motor Vehicle Management.

DMVM plans to identify cases of noncompliance in its annual management review of agencies (see p. 4) and to report these to the Budget and Control Board and the Legislature. However, DMVM has no direct authority to enforce compliance with the law (see p. 7) and policy can be more difficult to enforce.

Accidents cost the state $7.2 million in FY 86-87. Injuries amounted to 236, and deaths included 3 state employees and 5 members of the public. Agencies who do not screen employees' driver records or review accidents involving their employees contribute to increased operating costs to the state, and therefore increased costs to the taxpayer.

**RECOMMENDATIONS**

(29) THE BUDGET AND CONTROL SHOULD PROMULGATE REGULATIONS RATHER THAN POLICY TO IMPLEMENT THE FLEET SAFETY PROGRAM.

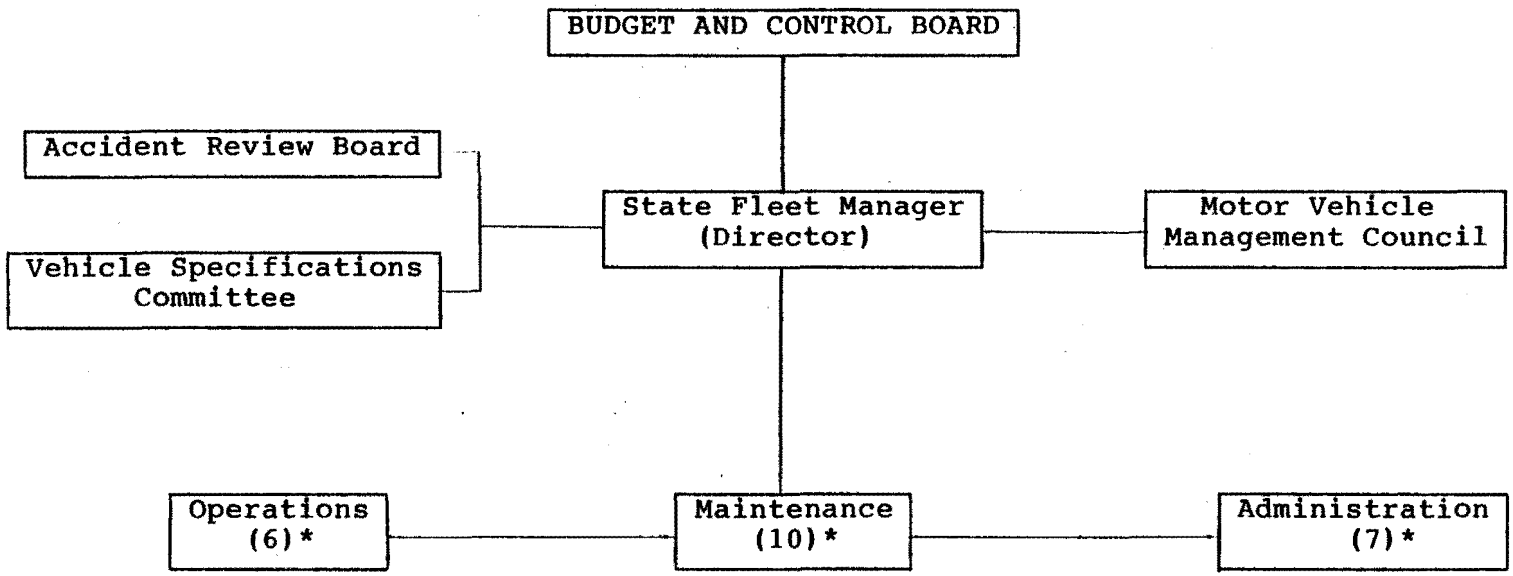
(30) THE DIVISION OF MOTOR VEHICLE MANAGEMENT SHOULD CONTINUE, THROUGH THE ANNUAL MANAGEMENT REVIEW, TO BRING INSTANCES OF NONCOMPLIANCE BEFORE THE BUDGET AND CONTROL BOARD FOR ACTION. IF THE BOARD FINDS IT NECESSARY, PENALTIES COULD BE SET FOR NONCOMPLIANCE.

# APPENDICES

## APPENDIX A

## DIVISION OF MOTOR VEHICLE MANAGEMENT

## ORGANIZATION CHART

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*Number of employees in each department.
Total FTEs = 24.

Source: Division of Motor Vehicle Management.

## APPENDIX B

## DIVISION OF MOTOR VEHICLE MANAGEMENT REVENUES AND EXPENDITURES

## FY 82-83 THROUGH FY 86-87

| Expenditures | FY 82-83 | FY 83-84 | FY 84-85 | FY 85-86 | FY 86-87 |
|---|---|---|---|---|---|
| Administration: | | | | | |
| Personal Service | $ 161,461 | $ 149,657 | $ 160,121 | $ 170,129 | $ 176,816 |
| Other Operating | 40,037 | 37,085 | 48,357 | 47,998 | 28,184 |
| Debt Service | - | - | - | - | 6,334 |
| Motor Pool: | | | | | |
| Personal Service | 126,345 | 152,764 | 181,230 | 218,914 | 279,346 |
| Other Operating | 2,549,417 | 2,423,687 | 2,774,470 | 3,333,648 | 3,436,725 |
| Debt Service | - | - | - | - | 51,919 |
| Employee Benefits | 53,509 | 55,779 | 65,361 | 78,531 | 92,383 |
| Non-Recurring Appropriations | - | - | 250,000 | - | - |
| TOTAL | $2,930,769 | $2,818,972 | $3,479,539 | $3,849,220 | $4,071,707 |

| Revenues | FY 82-83 | FY 83-84 | FY 84-85 | FY 85-86 | FY 86-87 |
|---|---|---|---|---|---|
| General Fund Appropriations | $ 217,327 | $ 212,368 | $ 487,868 | $ 251,313 | $ 245,768 |
| Federal Funds | - | 920 | - | - | - |
| Other Funds: | | | | | |
| Balance from Previous Year | 569,666 | 901,247 | 1,531,715 | 1,898,204 | 1,886,037 |
| Rent - Motor Vehicles | 2,750,762 | 2,857,166 | 2,995,528 | 3,448,513 | 3,858,705 |
| Sale of Motor Vehicles | 257,343 | 346,437 | 329,639 | 262,803 | 516,325 |
| Sale of Goods & Services* | 36,919 | 32,548 | 33,589 | 29,161 | 27,328 |
| Miscellaneous Transfer | - | - | (576) | (154,738) | (133,653) |
| Less Balance Carried Forward | (901,248) | (1,531,714) | (1,898,224) | (1,886,036) | (2,328,803) |
| TOTAL | $2,930,769 | $2,818,972 | $3,479,539 | $3,849,220 | $4,071,707 |
| Total Personnel | 15 | 19 | 21 | 22 | 23 |

*Includes sale of recycling material.
Source: South Carolina Budget Documents, Budget and Control Board.

**APPENDIX C**

State of South Carolina

# State Budget and Control Board

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE

TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

WILLIAM T. PUTNAM
EXECUTIVE DIRECTOR

April 11, 1979

Mr. Allan J. Spence, Director
Division of Motor Vehicle Management
300 Gervais Street
Columbia, SC 29202

Dear Allan:

At its meeting on April 10, 1979, the Budget and Control Board delegated to the Director of the Division of Motor Vehicle Management the authority to act on requests for the acquisition of additional or replacement motor vehicles in all cases in which such requests meet specific criteria adopted by the Board.

With regard to the exceptions provision included as item 7 in the criteria adopted by the Board on March 27, the Board agreed that requests submitted under this provision should be filed with the Director of Motor Vehicle Management who will forward such requests along with the actions he recommends to the Motor Vehicle Management Council. The Board delegated to the Council the authority to act on exception requests under this provision.

The Board further stipulated that appeals of Council decisions would be handled within the framework of Motor Vehicle Management Manual paragraph 18-3.C. by following the Board's standard protest procedure. That procedure requires that a complete case record on each decision being appealed be supplied to the Executive Director who ensures that a copy of each record is forwarded to each Board member. In transmitting each case record, the Executive Director reminds Board members that, under the Board's protest procedure, the decision being appealed in each case will stand and be considered as having Board concurrence unless any Board member chooses to bring the matter up for discussion at the next regular Board meeting. As an additional reminder, the decision being appealed is placed on the Blue Agenda of the next regular Board meeting as an item of information unless any member chooses to discuss it at that meeting.

Sincerely,

Bill

William A. McInnis
Deputy Executive Director

WAM:dw

# State of South Carolina
# Budget and Control Board

CARROLL A. CAMPBELL, JR.
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

DIVISION OF MOTOR VEHICLE MANAGEMENT
ALLAN J. SPENCE, DIRECTOR

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE

ROBERT McLELLAN
CHAIRMAN, WAYS AND MEANS

JESSE A. COLES, JR., PH.D.
EXECUTIVE DIRECTOR

March 21, 1988

Mr. George L. Schroeder, Director
Legislative Audit Council
620 NCNB Tower
Columbia, South Carolina 29201

Dear Mr. Schroeder:

Please find enclosed this Division's comments regarding the compliance review recently conducted by the Legislative Audit Council (LAC). These comments represent the collective efforts and expertise of the State Fleet Manager, the three-member Motor Vehicle Management Council, and the staff of the Budget and Control Board. We appreciate the opportunity to comment on your assessment of this Division and its overall compliance with the Motor Vehicle Management Act.

While I do not disagree in principle with many of the Council's opinions and recommendations, I do feel that this broad and somewhat superficial review does not always support the conclusions stated in the report of the LAC. Much documentation and data were provided with my initial comments on the draft report. Apparently, the Council either did not consider this data or felt that it was inconsequential since the final report was not changed to any substantial degree. Accordingly, I will not provide the data again but will summarize several points. It should be noted that data previously submitted to the LAC is available to the readers of this report should they desire further information. Failure to comment on any specific area does not necessarily indicate agreement or disagreement with that area.

Many aspects of fleet management cannot be reduced to an exact science. If that were possible, the system could run itself. In the absence of such precision, managers are employed to make judgmental decisions based on their best

1022 SENATE STREET, COLUMBIA, SOUTH CAROLINA 29201
(803) 737-1515

experience and knowledge. The Division will review in detail all the recommendations and opinions of the LAC and will take action to correct any deficiencies found. We welcome your future input into the cost effective management of the State fleet.

Even though there are areas where we disagree concerning general management practices, we hope that these comments will be accepted by the LAC in the same spirit as the audit report has been accepted by this Division.

Sincerely yours,

Allan J. Spence
Director

AJS/w

Enclosure

**RESPONSES TO LEGISLATIVE AUDIT COUNCIL (LAC)**
**COMPLIANCE REVIEW OF THE SOUTH CAROLINA**
**BUDGET AND CONTROL BOARD**
**DIVISION OF MOTOR VEHICLE MANAGEMENT**

## SECTION I - ADMINISTRATION

**Enforcement of Motor Vehicle Management Program** **(LAC Report p. 4)**

The importance of timely reviews and audits to ensure compliance with the law and proper management practices cannot be overemphasized. The Division acknowledges that the Management Review has not yet been published for two years, and those published are not in strict compliance with the law in that the compliance of each agency has not been indicated.

In the two years where a formal report has not yet been published, the Division worked with agencies in resolving problems and offering assistance in developing and refining agency programs. The Division believes that it is more important to work with the agencies to insure their compliance with the laws and policies than it is to approach them from an "audit" perspective.

Common sense and sound management should indicate that the Management Review is a tool in the management spectrum and not the sole means of management. No significance was attached by the LAC to the myriad of management efforts that make up the total motor vehicle management program.

In order to insure that the Division is able to prepare the Management Review annually as required by the Motor Vehicle Management Act and to the extent addressed by the LAC, the Division will submit a budgeting request for additional personnel to the General Assembly in the next budget cycle.

**Uniform Cost Accounting System** (LAC Report p. 6)

The cost per mile formula discussed at various times in the report has been under active study and review since February 22, 1982. The LAC generally failed to recognize the complexity of this problem. The fact that the Division requested funds for a statewide data system in 1979 and funding was not provided was of no apparent consequence to the LAC. In this regard, our labor rate study initiated in July 1987, a vital part of the cost per mile formula, again was ignored by the LAC. Please also refer to page 6, paragraph 1 for discussion of related issue.

Nevertheless, as soon as practical, the Division will undertake a study to determine the financial and personnel resources needed to develop such a system and will include these requirements in its budgeting request to the General Assembly.

**Legal Authority of DMVM** (LAC Report p. 7)

The Division agrees that the legal authority of the Division to act for the Board needs to be clarified. In the absence of such definition, the Division has taken the position that where the law indicates that the State Fleet Manager or Division is responsible for an area, the Division has de jure authority to act on that issue. Where the law charges the Board with responsibility for an area, the Division, acting as a staff organization of the Board, has taken it upon itself to present appropriate recommendations to the Board. The Division will present a delegation of authority proposal to the Budget and Control Board as soon as possible.

**Highway Department Exemptions** (LAC Report p. 9)

The conclusion that DMVM has allowed the Department of Highways and Public Transportation (DHPT) to have independence in many aspects of the management of its own vehicle fleet is misleading. It is the Division's position that proper administrative control is exercised over the DHPT fleet by DMVM while allowing the DHPT to operationally control its fleet within the guidelines prescribed by current law and regulations. Management of all agency fleets is vested in the agency director so long as it is done within the prescribed law and regulations.

The LAC correctly observed that permanent vehicle assignments and certain information is not reported to the Division but is available at the DHPT for viewing by proper authorities. There are many other management controls that are in place and effective such as the Fleet Safety Program, Maintenance Facility Certification Program, identification procedures (approval of non-SG tags on file at DMVM), unauthorized decals, monitoring and other non-delegated authority. Disposal has been delegated to the DHPT by law and should not be considered.

## SECTION III - ACQUISITION AND DISPOSAL

**Purchase of Vehicles** (LAC Report p. 24)

In addressing control of the size of vehicles purchased by the state, the LAC takes a broad overview of the sedan fleet indicating that "...in July, 1983 and July, 1984, 41.9% and 42.8% respectively, of the State's sedans were full-size. By September, 1987, 56.5% of the sedans were full-size. Additionally, 64.6% of the sedans purchased in the last two contract years (1986 and 1987 vehicles) have been full-size."

This broad overview does not sufficiently address reasons for the existing composition of the sedan fleet. In examining composition of the sedan fleet, one important distinction that must be made is that between law enforcement and non-law enforcement sedans. Law enforcement sedans must meet certain size, power, and trunk space capabilities in order for officers to be able to perform their duties.

The data provided earlier indicated that 100% of the full-size sedan growth between 1984 and 1987 occurred in the category of law enforcement sedans. A telephonic survey conducted by the Division indicated that a minimum of 263 new law enforcement positions requiring assigned vehicles were added during the period 1984-1987. This growth of new law enforcement officer positions required a like increase in the number of full-sized police vehicles.

When law enforcement sedans were removed from consideration, the data provided showed that, in the remainder of the sedan fleet, there was no change in the percentage of the sedan fleet comprised of full-size sedans during the period 1984-87. Also indicated was a decrease of 11% in intermediate size sedans, and an increase of 4% and 7%, respectively, in compact and subcompact sedans. In other words, the sedan fleet which the Division can directly influence through management action (non-law enforcement sedans) has been considerably downsized.

**<u>Justifications for Fleet Additions</u> (LAC Report p. 26)**

The LAC indicated that justifications were lacking or inadequate for 30 (49%) of certain fleet additions; 19 of the fleet additions with no documented justifications were for the DMVM fleet.

Whether or not the justifications were inadequate is a value judgement. The Division's position is that the justifications provided were sufficient.

The justifications for the 19 DMVM fleet additions are on file at DMVM and were provided to the LAC in our draft reply.

**<u>Discussion on Fleet Growth</u> (LAC Report p. 27)**

The LAC states that "The State's motor vehicle fleet has demonstrated steady growth. From FY 82-83 to September 1987, the number of vehicles in the state fleet has risen from 16,890 to 19,917, an increase of 18%. During the same period, the Division fleet has grown by 46%, from 659 to 960 vehicles." Again, this broad overview of fleet growth is misleading. The figures cited by the LAC include Education Department vehicles, which are exempt from the provisions of the Motor Vehicle Management Act. When Education Department vehicles are excluded, indications are that the State fleet grew by 2,433 vehicles (+24%) during the period indicated.

Changes in the size of the State fleet are dependent upon a number of variables, including changes in the size of State government and changes in the use of privately-owned vehicles for State business. The data previously furnished to the LAC indicated that during the same period (June 1982-September 1987) the number of State employees (excluding Education employees) grew by 12,715 or +23%. The State fleet grew almost exactly in proportion to the growth in State government. During this same period, POV reimbursement was reduced by 424 "vehicle equivalents". Reductions in the use of privately-owned vehicles necessitate a like increase in State vehicles.

The growth of the Division fleet can be attributed to the aforementioned factors, particularly in the case of reduction of privately-owned vehicle travel. For example, in 1985, the Department of Social Services requested and was provided 200 additional lease vehicles from the Division. A study of POV reimbursement indicates that in FY 85/86 DSS POV reimbursement dropped by a total of 104 "vehicle equivalents". In addition, over 40 vehicles were donated by owning agencies to the Division and leased back to those agencies. These actions account for much of the growth of the Division fleet and were not considered by the LAC.

**Discussion on Page 28, Paragraph 1**

The LAC indicates that vehicles formerly assigned to certain state officials were 1984, 1985 and 1986 models with an average of 22,600 miles; they did not meet disposal criteria.

Four of the referenced vehicles were not disposed of but were reassigned as mentioned by the report, therefore, it was not necessary that they meet disposal criteria. DMVM had written justification that the reassigned units could be cost effectively used in other areas, but the LAC took no action to look further into the validity of the reassignments. The practice of internal reassignment of vehicles is an accepted policy by professional fleet managers. The remaining vehicle was sold to a county government to meet a critical need.

**Vehicle Disposal** **(LAC Report p. 28)**

The Division acknowledges that total life-cycle costing should be the ultimate determinant for cost effective fleet management. The Division tried to move in this direction in 1979 when its initial computerized Motor Vehicle Information System was developed. Unfortunately, there was a considerable financial investment to implement this statewide and funding approval was limited to developing the system for Division vehicles only. As the LAC states, the Division does have accurate life cycle costs, with the exception of resale value, for its fleet of 960 vehicles. Since this fleet is representative of the majority of the State fleet (excluding school buses), this data has and will continue to serve as an interim life-cycle costing system until resources are available to extend the system statewide.

As indicated earlier, a uniform cost accounting system is a major step towards this goal. Attempting to maintain information of life cycle cost for all state vehicles will require legislative support in the form of funding for equipment and personnel. The Division believes it would be advisable to perform an impact study to determine the savings to be gained versus the costs of implementation of such a system.

## SECTION IV - MAINTENANCE AND GASOLINE PURCHASES

### Maintenance Program Guidelines (LAC Report p. 31)

The entire issue of centralized purchasing of parts and supplies may not be possible. There are a total of 83 maintenance facilities, excluding the Education Department school bus shops, under the State Vehicle Maintenance Program. These agencies own and maintain many makes and models of vehicles and equipment. Currently, there is no state warehouse within the State where all parts and supplies can be centrally purchased in order to maintain all this equipment. The warehouse owned and operated by the DHPT stocks fast-moving parts and supplies that fit that agency's vehicles, motor graders, mowers, etc. If an agency can use these parts, it may establish an account and utilize DHPT's service. In many cases, the unit of issue is of such a large quantity that it would not be cost effective for agencies to utilize the DHPT system.

The 83 facilities are located throughout the State with at least one in each county. This geographical dispersal makes it unlikely that centralized purchasing of all parts and supplies is feasible.

The Division will undertake a study to determine if centralized purchasing is feasible. If not, efforts will be made to change the appropriate provisions of the Motor Vehicle Management Act.

**Duplication of Maintenance Services (LAC Report p. 33)**

The Division acknowledges that this is an area where public funds may be conserved, as indicated by the earlier studies. However, funding has not been made available to undertake this initiative. Since these studies are now outdated, the Division will request funds to:

---initiate a study to determine if consolidation of maintenance facilities remains feasible

---if feasible, develop a plan for implementation

---consolidate selected facilities

## SECTION V - FLEET SAFETY PROGRAM

**Fleet Safety Program (LAC Report p. 37)**

The Fleet Safety Program was approved as Budget and Control Board policy in March 1987 and distributed to agencies the following month. The Division believes that implementation efforts by the agencies have been significant when considering that at the time of the audit the program had not been in effect a year.

South Carolina leads the way for other state governments in this field. Of the thirty-five states represented at the first annual Conference of State Fleet Administrators (June

1987), only South Carolina had begun a comprehensive fleet safety program.

During the program's first year, approximately 1,200 state employees received driver education, and liability insurance losses were reduced for the first time in memory. All indicators of the effectiveness of the program show a positive trend.

**Recommendation #29 (LAC Report p. 39)**

A 1979 Attorney General's opinion indicates that "...regulations promulgated by the Budget and Control Board pursuant to the Motor Vehicle Management Act need not be promulgated in accordance with the provisions of the Administrative Procedure Act."